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Market Administrator's

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BULLETIN

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TOTAL CIVILIAN CONSUMPTION UP IN 1962; TO RISE FURTHER IN 1963

The Dairy Situation, Economic Research Service USDA, November 1962

Total civilian consumption of milk and dairy products in 1963 is likely to be larger than 1962, although per capita consumption is expected to decline. Gains are projected mainly in the total consumption of butter, cheese, and ice cream, with a continued decline in evaporated milk. Total fluid milk and cream consumption will change little, with gains in the commercial sector about offsetting decreases in farm use. CCC donations for welfare, and the National School Lunch Program probably will increase slightly over 1962.

Total civilian consumption of milk in all forms for 1962 appears to be about 117 billion pounds milk equivalent, 1½ billion pounds more than 1961. Most of the gain in consumption is due to substantially heavier CCC donations of dairy products for welfare, and the National School Lunch Program. Consumption arising from commercial sources is running only slightly higher. Consumption on farms with milk cows will be about 600 million pounds lower than 1961.

Total civilian consumption, excluding donations from CCC supplies, may be about 111.7 billion pounds, 0.4 billion pounds lower than 1961 and 2.1 billion pounds lower than 1960. An indicated 1.6 percent gain in the commercial sales of fluid products appears to be the major factor supporting consumption, excluding

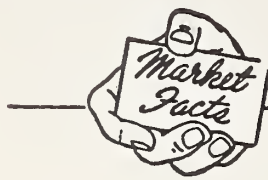
CCC donations. The use of manufactured dairy products from commercial sources is declining, and the use of milk on farms with milk cows also was down as a result of fewer persons on such farms.

In 1962, total civilian use of milkfat rose above 1961. This was the first increase since 1958, with further increase in prospect for 1963. These gains reflect larger CCC donations of butter and cheese than in 1961 and increased consumption of whole milk. In spite of the 1962 increase in use, the gap between milkfat production and consumption will remain about unchanged in 1962 and is likely to grow in 1963.

Total civilian disappearance of milk solids-not-fat increased every year from 1948 to 1961, but in 1962 leveled at about the 1961 rate. In 1963, use of solids-not-fat may resume its upward trend. As a result of increased production in 1961 and 1962, the gap between production and consumption grew. Government support purchases of nonfat dry milk climbed faster than their use, and uncommitted CCC stocks of nonfat dry milk rose to 572 million pounds at the end of September, compared with 229 million pounds a year earlier. At the end of 1962 they likely will be over 550 million pounds, about 360 million pounds above stocks at the end of 1961.

Per capita consumption of milk from all sources in 1962 may be 640 pounds, the same as in 1961. This would be the first year that the downward movement in per capita consumption has been arrested since 1956. However, in 1963 the downward trend may be resumed, unless increases in consumption arising from CCC donations offset expected decreases in commercial consumption. Consumption per person from commercial sources is continuing downward, with a decline of about 1.2 percent from 574 pounds in 1961 to 567 pounds in 1962. Consumption arising from CCC donations of butter and cheese for welfare and the National School Lunch programs will average about 29 pounds per person nationally compared with 19 pounds in 1961. In 1962, fluid milk consumed in the National School Lunch and Special Milk programs rose about 7 percent above the 2.6 billion pounds consumed in 1961. This segment of consumption has shown a gain every year since the inception of the programs. Since most schools in a position to take advantage of these programs now participate, gains tend to be associated with increases in the number of school children.

Donations of CCC supplies for civilian consumption in calendar 1962 are running at an annual rate of
(Continued on Back Page)



Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	
Producers' Uniform Price (4%)	
Class I (3.5%)	
Class II (3.5%)	
Class III (3.5%)	
Class IV (3.5%)	
Producer Butterfat Differential for each one-tenth percent	

Dec. 1962	Nov. 1962	Dec. 1961
\$4.36	\$4.50	\$4.61
4.72	4.86	4.995
4.31	4.28	4.600
3.889	3.861	4.200
3.673	3.665	3.919
3.047	3.039	3.267
7.2¢	7.2¢	7.7¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	
Percent of Producer Butterfat in Class I	
Percent of Producer Milk in Class II	
Percent of Producer Butterfat in Class II	
Percent of Producer Milk in Class III	
Percent of Producer Butterfat in Class III	
Percent of Producer Milk in Class IV	
Percent of Producer Butterfat in Class IV	

78.0	78.4	78.0
72.6	73.9	72.3
5.6	6.4	6.1
1.8	2.4	2.0
2.0	2.4	1.9
2.9	3.2	2.4
14.4	12.8	14.0
22.7	20.5	23.3

PRODUCER MILK RECEIPTS

Total Pounds of Producer Milk Delivered	
Average Daily Class I Producer Milk	
Total Number of Producers	
Average Daily Receipts per Producer	
Average Butterfat Test	
Total Value of Producers Milk at Test	
Income per Producer (7 day average)	

35,463,855	34,279,707	32,916,637
892,208	895,918	828,261
1,332	1,336	1,329
859	855	799
3.98	3.89	3.98
\$1,568,452.42	\$1,488,225.96	\$1,552,840.50
\$265.89	\$259.92	\$263.84

GROSS CLASS USE (Pounds)

Class I Skim	
Class I Butterfat	
Class I Milk	
Class II Skim	
Class II Butterfat	
Class II Milk	

26,631,684	25,892,459	24,728,367
1,026,770	985,072	947,720
27,658,454	26,877,531	25,676,087
2,006,371	2,228,943	2,042,345
24,739	31,774	26,034
2,031,110	2,260,717	2,068,379

AVERAGE DAILY SALES (Quarts)

Milk	
Buttermilk	
Chocolate	
Skim	
Cream	

297,184	312,830	294,384
4,031	4,237	4,270
13,720	17,265	13,886
11,405	11,747	10,810
9,166	9,391	9,380

* These Figures are changed due to error in computation.

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA



Dec., 1953 - '62

Year	Receipts from Producers	Average Butter- fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1953	22,066,687	4.10	73.5	13.9	12.6	----	4.26	4.472	4.072	3.466	—	2,252	316
1954	22,456,753	4.05	77.2	7.9	4.1	10.8	4.06	4.27	3.87	3.87	3.276	2,152	337
1955	23,609,212	4.03	76.9	8.9	4.4	9.8	4.01	4.188	3.788	3.788	3.161	2,096	363
1956	23,637,293	3.88	81.0	9.7	3.3	6.0	4.21	4.365	3.965	3.965	3.236	1,966	388
1957	24,923,644	3.93	79.9	7.4	4.0	8.7	4.24	4.419	4.019	3.919	3.096	1,863	432
1958	23,204,810	4.01	85.1	8.8	1.9	4.2	4.30	4.401	4.001	3.901	2.977	1,712	437
1959	27,160,559	4.01	83.4	6.2	2.1	8.3	4.85	4.758	4.358	3.854	3.155	1,693	518
1960	28,880,166	3.97	79.8	6.2	1.7	12.3	4.79	4.782	4.382	4.063	3.092	1,545	603
1961	32,916,637	3.98	78.0	6.1	1.9	14.0	4.61	4.600	4.200	3.919	3.267	1,329	799
1962	35,463,855	3.98	78.0	5.6	2.0	14.4	4.36	4.310	3.890	3.670	3.050	1,332	859

CCC Purchases In 1962 Near 1953 Record

The Dairy Situation, Economic Research Service USDA, November 1962

CCC purchases in 1962 were made at an annual rate of about 11.3 billion pounds of milk equivalent through October. For all of 1962, this would be 9 percent above the record purchases of calendar 1953, when USDA bought products equivalent to 10.328 million pounds of milk. In that year butter purchases amounted to 359 million pounds; cheese purchases, 308 million; and nonfat dry milk deliveries, 597 million pounds. For January-October, purchases have been 388 million pounds of butter, 188 million pounds of cheese, and 1,112 million pounds of nonfat dry milk. In 1962 butter purchases will be around 435 million pounds, a new record for a calendar year; cheese

purchases, about 215 million pounds; and nonfat dry milk deliveries near 1,375 million pounds. On a milk equivalent basis, purchases would be around 9.6 percent of marketings and 8.9 percent of production. The milk-fat purchased may amount to about 430 million pounds, about 9.6 percent of production, a sharp rise from last year's 6.5 percent. Purchases of solids-not-fat are continuing the upward trend of the last 3 years, reaching 1,389 million pounds, 12.7 percent of production compared with 9.9 percent a year ago. This reflects the decline in commercial use of nonfat dry milk, reductions in commercial stocks, and increased use of milk to butter-powder plants. Purchases in

1963 could be even higher, assuming production reaches 127.5 billion pounds.

For the first 10 months of 1962, butter production was 74 million pounds above 1961. For all of 1962, it may total around 95 million pounds over last year, while commercial demand may be barely maintained. Thus, heavy stocks of butter accumulated in Government hands at a time when supplies of vegetable fats and oils also were larger than commercial demand. The utilization of U. S. butter stocks has been complicated because a heavy movement of vegetable fats and oils to foreign outlets had been scheduled through the P. D. 480 program.

USDA Supplies Dried Milk For Cuba Distribution

The U. S. Department of Agriculture has transferred five million pounds of non-fat dried milk solids to the American Red Cross for the benefit of the Cuban Families Committee. Transfer was made in response to a request by the American Red Cross pursuant to Section 1431 of Title 7 of the U.S. Code.

Under this Section, the Department is authorized to donate surplus commodities, such as milk, for distribution to needy persons in foreign countries. However, the Red Cross had indicated that the Cuba Families Committee expects to raise funds to reimburse the Department. The

American Red Cross has informed the Department that its own representatives and those of the Cuban Red Cross will supervise distribution of the milk in Cuba to insure that it will reach children and other needy persons.

The Department has over 500 million pounds of surplus non-fat dried milk solids in reserve acquired under the mandatory price support program. As a normal practice approximately one billion pounds of dried milk are disposed of each year on a gift basis to needy persons at home and abroad to avoid deterioration and possible spoilage.

The Red Cross also has informed the Department that, in obtaining sufficient foodstuffs to complete the shipment of goods for the Cuban Prisoners Exchange, it does not appear that all of the baby food requested can be obtained. However, the Cuban Families Committee has indicated that this initial shipment and an additional 15 million pounds of dried milk will be acceptable in lieu of baby food.

In view of the need of this surplus milk to complete the Prisoners Exchange agreement, the Department is prepared to make the additional quantities of milk available as requested by the American Red Cross.

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about 2 billion pounds of milk equivalent more than the 3.4 billion pounds donated in 1961, and over a billion pounds above the largest previous donation in a single year, 4.2 billion pounds in 1958. Donations in 1963 are expected to be as great or greater than in 1962, since supplies of dairy products in Government hands will be large. Civilian disappearance of all major dairy products except evaporated milk and nonfat dry milk in 1962 is running above a year ago. Total butter consumption in 1963 is likely to be maintained at about the 1962 level, 7.4 pounds per person, even though per capita consumption may decline. For 1962, margarine consumption per person has been estimated at 9.3 pounds per person, 0.2 pounds below 1961. This is the first year since 1955 that consumption per person of margarine has failed to increase. It may largely reflect the increase in CCC donations of butter.

In contrast with 1961, the consumption of American cheese from commercial sources appears to have dropped about 6 percent in 1962 compared with last year's rise of about 6 percent. Consumption from all sources, however, is about 8 percent above 1961, entirely because CCC is donating about 160 million pounds of cheese to welfare and the National School Lunch Program. In 1963,

American cheese consumption may increase slightly if CCC donations continue at a high level.

In 1962, consumption of other cheese is up about 4 percent over 1961; frozen desserts about 1 percent, and condensed milk, about 3 percent. Use of dry whole milk is rising to about 56 million pounds in 1962 from 49 million pounds in 1961, a gain of about 14 percent. On the other hand, evaporated milk consumption, which has been declining for years, will fall more than 6 percent this year, compared with 3 percent a year ago.

Total nonfat dry milk consumption is declining about 3 percent, although CCC supplies donated for use in civilian channels rose by about 50 million pounds to 245 million

pounds. Consumption from commercial sources now appears to be dropping about 9 percent below 1961, to 849 million pounds from 928 million pounds. This appears to be due to a continuation of last year's decline in use by major food industries, particularly the baking and meat packing industries, during the first half of 1962. Apparently commercial use of nonfat dry milk during July-September increased considerably over a year earlier, and was well above the rate of use in the first half of 1962.

In 1962 consumption of fluid milk products per person was down only slightly from 1961 and will continue downward in 1963. Consumption this year has been sustained by increases in sales of fluid products in urban marketing areas.

Market Quotations

DECEMBER
1962

MINNESOTA - WISCONSIN PRICE SERIES	\$3.11
MIDWEST CONDENSERIES 3.5% per Cwt.	3.019
4 CONDENSERIES (Tri-State) 3.5% per Cwt.	2.800
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus).....	3.097
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Tri-State)	2.995
Average Weekly Cheddars price per lb.3450
Average price per lb. 92-score butter at Chicago5798
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant.....	.1386

THE

Market Administrator's BULLETIN

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